

TRADED SERVICES – IMPACT

Support Services – Overview & Scrutiny Panel

15 September 2011



Plymouth's Position

In 2008, Plymouth set in place its policy direction for all schools to develop autonomy, either through the formation of a Trust or academy status. This strategy for change, known as Investment for Children, outlines the Council's plans for maintaining the school estate. The strategy was adopted by the Full Council in December 2008 and it remains the Council's policy for all schools to develop independence through vertical networks of schools serving their localities.

Plymouth set up two academies under the "old style" academy route in September 2010; the Marine Academy Plymouth (MAP) and All Saints Academy, Plymouth (ASAP).

Since January 2011 a number of other schools in the city have also considered the opportunities the Academies Act 2010 brings and have successfully applied to the Secretary of State to convert to academy status. See Appendix A for the up to date position on schools that have transferred to academy status.

Currently a number of schools are discussing options for the future but to date only 1 Primary School has indicated to both the LA and the DfE their intention to move to Academy status. The LA through the School Organisation Team is in discussions with the Headteacher and the Governing Body regarding the date of conversion and whether this is a standalone academy or formed as part of a chain.

In June 2011 the government announced that two hundred of England's worst-performing primary schools will be academised. All Local authorities were asked to submit a "Below floor standards" plan to the DfE with regard to raising achievement. Plymouth's plan, which was very well received by the DfE, set out the LA Strategy with regard to the future.

Traded Services

The Services 4 Schools directory formerly known as Trading Fair is the reference source of traded services for headteachers and governing bodies. It lays out details of services that the Council offers to support leadership, management and raising attainment in schools. The directory, which is prepared annually, also includes services which can be subscribed to for a three-year contract period.

Academies have access to this method of purchasing services, without procurement arrangements.

Whilst the Council endeavours to continue to deliver these traded services to all schools, regardless of their status, it is dependant on buy-back. Therefore, the provision of some services is vulnerable, and potential costs to the Council for redundancies could be considerable. Each Department within the Council will be considering which traded services are deemed necessary and practical to continue to offer.

Impact

The impact of academy conversion can be broken down into the following areas:

- 1) Recoupment of the central Dedicated Schools Grant (DSG)
- 2) Reduction in the LA Formula grant
- 3) Lost income from selling services traditionally offered through 'Trading Fair'

1) Recoupment of the central Dedicated Schools Grant (DSG)

There have been 11 schools transfer to academy status since the Academies Act 2010. The analysis of the financial impact on the DSG was reported to Schools Forum on the DSG monitoring report and 4th July (agenda item 6). This report indicated the position for 2011/12 is that the academies impact on the DSG has been managed by a favourable method of calculating the individual schools recoupment in respect of NNDR and charging for additional services previously provided for free by the council. Taking account of these factors the net position on the DSG this year is marginally positive.

2) Reduction in the LA Formula grant

The LA Formula grant has been reduced by £629,489 as part of the national top slice of local authority funding to cover the LA element of the Local Authority Central Equivalent Grant (LACEG) paid to academies. This was reported to Overview and Scrutiny on the 24th March 2011. The reduction for Plymouth has not been significant and the reductions in staff that may be brought about from this reduction are reported in the Services action plans as this has been absorbed in the councils overall budget reductions. The government has consulted on different arrangements for reducing the LA formula grant and there is a potential that the method of calculating this may be changed. If this were to happen the situation may be significantly different.

3) Lost income from selling services traditionally offered through 'Trading Fair'

The final impact is in the take up of traded services and indeed the take up of additional services that schools haven't traditionally bought into. Analysis suggests that whilst there has been additional services sold the buy back from academies through trading fair has reduced. It is too early for this analysis to be applied to individual services as the results of a single buy back period is not sufficient information to form a trend. The new Services 4 Schools directory (previously Trading Fair) will be published in the autumn term; greater clarity will then be available on the percentage buy back from schools later that term.

Relationships

Through its Investment for Children strategy, the Council has set out a long term pathway for the developing relationships between itself in its role as commissioner and schools as autonomous providers. The Council has invested enormous efforts in brokering academy sponsors that fit with the collaborative ethos of the city's schools. We wish to continue to work with all schools that are transferring to academy status in order to retain this long term vision and to avoid academy sponsor chains that do not share the vision and seek to expand their control through the support functions that can be offered through their own organisations.

Conclusions

The DfE has made it clear that where standards are good, it will not force schools to become academies. The future, therefore, will be based on a mixed economy of schools with which the Council would hope to enjoy good working relationships irrespective of their status.

It would seem that it is in the interests of all schools, whatever status, to invest in this relationship to ensure that education provision for all the children and young people in our city is the best that can collectively be delivered.

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